

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

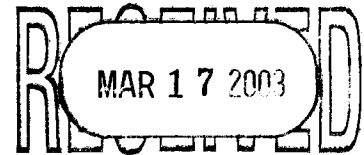
ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



E-01891A
Garkane Energy Cooperative, Inc.
P. O. Box ~~790~~ 465
~~Richfield~~ UT 84701-0000
Loa 84747

ANNUAL REPORT

ARIZONA CORPORATION
COMMISSION



Director of Utilities

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

ANN 02	02
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*Entered
3-17-03
C. M.
2002 Assessment
AD updated
C.*

COMPANY INFORMATION

Company Name (Business Name) Garkane Energy Cooperative, Inc.

Mailing Address 120 West 300 South P.O. Box 465
(Street)

Loa UT 84747
(City) (State) (Zip)

(435) 836-2795 (435) 836-2497
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address calbrecht@garkaneenergy.com

Local Office Mailing Address 120 West 300 South P.O. Box 465
(Street)

Loa UT 84747
(City) (State) (Zip)

(435) 836-2795 (435) 836-2497
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address calbrecht@garkaneenergy.com

MANAGEMENT INFORMATION

Management Contact: Carl R. Albrecht General Manager
(Name) (Title)

120 West 300 South Loa UT 84747
(Street) (City) (State) (Zip)

(435) 836-2795 (435) 836-2497
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address calbrecht@garkaneenergy.com

On Site Manager: Carl R. Albrecht
(Name)

120 West 300 South Loa UT 84747
(Street) (City) (State) (Zip)

(435) 836-2795 (435) 836-2497
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address calbrecht@garkaneenergy.com

Statutory Agent: Robert T. Jones

(Name)

120 North 44th Street Suite 100

(Street)

Phoenix

(City)

AZ

(State)

85034-1822

(Zip)

(602) 286-6925

Telephone No. (Include Area Code)

(602) 286-6932

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Michael Grant

(Name)

2575 East Camelback

(Street)

Phoenix

(City)

AZ

(State)

85016-9225

(Zip)

(602) 530-8291

Telephone No. (Include Area Code)

(602) 257-9459

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☒ **Association/Co op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☒ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☒ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

SERVICES AUTHORIZED TO PROVIDE

Check the following box/s for the services that you are authorized to provide:

☒ **Electric**

- ☐ Investor Owned Electric
- ☒ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
 - ☐ Transmission Service Provider
 - ☐ Meter Service Provider
 - ☐ Meter Reading Service Provider
 - ☐ Billing and Collection
 - ☐ Ancillary Services
 - ☐ Generation Provider
 - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other** (Specify) _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residential access lines	_____
Total business access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	_____	547	_____
Residential	_____	408	_____
Commercial	_____	114	_____
Industrial	_____		_____
Public street and highway lighting	_____	3	_____
Irrigation	_____	16	_____
Resale Public Authorities	_____	6	_____
 Total kilowatt-hours sold	_____	10,113,996	_____ kWh
Residential	_____	4,286,132	_____
Commercial	_____	5,139,587	_____
Industrial	_____		_____
Public street and highway lighting	_____	14,040	_____
Irrigation	_____	458,627	_____
Resale Public Authorities	_____	215,610	_____
 Maximum Peak Load	Total System 24.4	Arizona approximately 2.0	_____ MW

GAS UTILITIES ONLY

Total number of customers	_____
Residential	_____
Commercial	_____
Industrial	_____
Irrigation	_____
Resale	_____
 Total therms sold	_____ therms
Residential	_____
Commercial	_____
Industrial	_____
Irrigation	_____
Resale	_____

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues OnlyRECEIVED
MAR 17 2003

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Wayne

NAME (OWNER OR OFFICIAL) TITLE

Carl R. Albrecht, General Manager

COMPANY NAME

Garkane Energy Cooperative, Inc.

Director of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

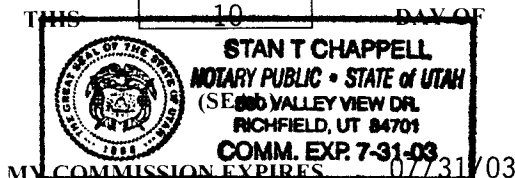
s 841,857

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 54,535
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 10 DAY OF

SIGNATURE OF OWNER OR OFFICIAL

(435) 836-2795

TELEPHONE NUMBER

COUNTY NAME

Wayne

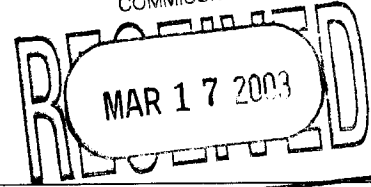
MONTH

March2003

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>Wayne</u>		Director of Utilities
NAME (OWNER OR OFFICIAL) <u>Carl R. Albrecht</u>	TITLE <u>General Manager</u>	
COMPANY NAME <u>Garkane Energy Cooperative, Inc.</u>		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 352,221

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 19,466
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X
SIGNATURE OF OWNER OR OFFICIAL

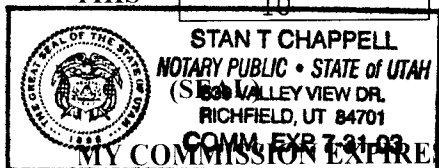
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

10

DAY OF



07/31/03

NOTARY PUBLIC NAME <u>Stan T. Chappell</u>	
COUNTY NAME <u>Wayne</u>	
MONTH <u>March</u>	<u>2003</u>

X
SIGNATURE OF NOTARY PUBLIC

Docket No. _____

Year Ending: 12-31-02

Company Name: Garkane Energy Cooperative, Inc.

Rules to follow in designing the Income Statement and the Balance Sheet:

A. Arizona Administrative Code, R14.2.1115.F, states that one of the items required in this Annual Report is a statement of income for the reporting year similar in format to R14.2.103, Schedule (C) (1) or similar in format to R14.2.103 Schedule (E) (2). Also, the above-referenced Rule states that the income statement shall be Arizona-specific and reflect operating results in Arizona.

Unfortunately, the two Schedules referenced above are both designed for a rate case filing, and, as such, contain certain terminology, such as "test year", "actual (accounting data) for test year", "pro forma adjustments" and "test year results after pro forma adjustments", and contain references to two prior fiscal years, which are not applicable to this Annual Report. The illustration below eliminates the rate case terminology and presents the two acceptable formats for the statement of income (the first based on Schedule (C) (1) and the second on Schedule (E) (2)):

**** THE INCOME STATEMENT SHOULD RESEMBLE EITHER FIGURE 1A OR FIGURE 1B, SHOWN BELOW. (IT'S NOT NECESSARY TO FILE BOTH.) EITHER USE FIGURE 1A OR FIGURE 1B, FOR YOUR INCOME STATEMENT FILING. THE INCOME STATEMENT SHALL BE ARIZONA-SPECIFIC, AND REFLECT OPERATING RESULTS IN ARIZONA: ****

FIGURE 1A

<u>Account Description</u>	<u>\$ Amount</u>
Revenues:	\$815,879
Expenses:	\$693,798
Operating Income:	\$122,081
Net Income:	\$136,979

Docket No. _____

Year Ending: 12-31-02

Company Name: _____

FIGURE 1B

Account Description

\$ Amount

Revenues:

Operating Expenses:

Operating Income:

Other Income and Deductions:

Interest:

Net Income:

Preferred Dividends:

Earnings Available for Common Stock:

**Earnings Per Share of Average
Common Stock Outstanding:**

Docket No. _____

Year Ending: 12-31-02

Company Name: _____

B. Arizona Administrative Code, R14.2.1115.F, states that one of the items required in this Annual Report is a balance sheet as of the end of the reporting year similar in format to R14.2.103, Schedule (E) (1). Also, the above-referenced Code section states that the balance sheet shall be Arizona-specific. Unfortunately, the Schedule referenced above is designed for a rate case filing, and, as such, contains certain terminology, such as "test year" and references to two prior Fiscal years, which are not applicable to this Annual Report. The illustration below eliminates the rate case terminology and presents the acceptable format for the balance sheet:

C **** THE BALANCE SHEET SHOULD RESEMBLE FIGURE 2 SHOWN BELOW
AND SHALL BE ARIZONA-SPECIFIC: ****

FIGURE 2

Account Description

\$ Amount

ASSETS

Property, Plant & Equipment:

Current Assets:

Total Assets:

LIABILITIES AND STOCKHOLDERS' EQUITY

Capitalization:

Current Liabilities:

Total Liabilities and Stockholders' Equity:

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2002) financial statements. If you do not compile these reports, the Utilities Division is supplying you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

GARKANE ENERGY COOPERATIVE, INC

120 W 300 S

LOA, UTAH 84747

For the year ending

31-Dec-02

Description	Total System	Utah	Arizona
Intangible Plant	\$ -	\$ -	\$ -
Production Plant	\$ 5,371,774	\$ 5,371,774	\$ -
Other Production Plant	\$ 251,173	\$ 251,173	\$ -
Transmission Plant	\$ 10,710,767	\$ 10,362,642	\$ 348,125
Distribution Plant	\$ 24,479,110	\$ 21,437,580	\$ 3,041,530
General Plant	\$ 6,896,940	\$ 6,896,940	\$ -
Total	\$ 47,709,764	\$ 44,320,109	\$ 3,389,655

REVENUE

Residential Sales	\$ 4,213,721	\$ 3,880,966	\$ 332,755
Irrigation Sales	\$ 241,171	\$ 212,509	\$ 28,662
Commerical Sales	\$ 2,685,389	\$ 2,326,694	\$ 358,695
Large Industrial Sales	\$ 1,265,351	\$ 1,265,351	\$ -
Public Street Lighting	\$ 34,771	\$ 31,921	\$ 2,850
Public Authorities Sales	\$ 727,964	\$ 672,893	\$ 55,071
Total Sales of Electricity	\$ 9,168,367	\$ 8,390,334	\$ 778,033

Forfeited Discounts	\$ 20,013	\$ 18,312	\$ 1,701
Connect fees	\$ 28,260	\$ 25,210	\$ 3,050
Rent from electric property	\$ 4,190	\$ 4,190	\$ -
Other electric revenue	\$ 389,348	\$ 356,253	\$ 33,095
Total Other Revenue	\$ 441,811	\$ 403,965	\$ 37,846
Total Operating Revenue	\$ 9,610,178	\$ 8,794,299	\$ 815,879

KWH SOLD

Residential Sales	52,577,315	48,291,183	4,286,132
Irrigation Sales	3,520,824	3,062,197	458,627
Commerical Sales	35,513,095	30,733,253	4,779,842
Large Industrial Sales	22,299,000	22,299,000	-
Public Street Lighting	189,480	175,440	14,040
Public Authorities Sales	8,116,354	7,540,999	575,355
Total	122,216,068	112,102,072	10,113,996

Customers

Residential Sales	7,060	6,652	408
Irrigation Sales	40	24	16
Commerical Sales	897	783	114
Large Industrial Sales	1	1	-
Public Street Lighting	26	23	3
Public Authorities Sales	361	355	6
Total	8,385	7,838	547

GARKANE ENERGY COOPERATIVE, INC

120 W 300 S

LOA, UTAH 84747

For the year ending

31-Dec-02

STATEMENT OF INCOME FOR THE YEAR

	Total	Utah	Arizona
Operating Revenue			
Sales from Electricity	\$ 9,168,367	\$ 8,390,334	\$ 778,033
Other Revenue	\$ 441,811	\$ 403,965	\$ 37,846
Total	\$ 9,610,178	\$ 8,794,299	\$ 815,879
Operating Expenses			
O & M expense	\$ 6,090,416	\$ 5,572,731	\$ 517,685
Depreciation Expense	\$ 1,349,191	\$ 1,263,075	\$ 86,116
Tax Expense			
Utah Property	\$ 215,715	\$ 215,715	\$ -
Az Property	\$ 26,065		\$ 26,065
Other Tax Expense	\$ 170,026	\$ 155,574	\$ 14,452
Misc Decuctions	\$ 10,230	\$ 9,360	\$ 870
Interest Expense	\$ 571,878	\$ 523,268	\$ 48,610
Total Expenses	\$ 8,433,521	\$ 7,739,723	\$ 693,798
Operating Margins	\$ 1,176,657	\$ 1,054,576	\$ 122,081
Non Operating Margins	\$ (35,740)	\$ (32,702)	\$ (3,038)
G &T Capital Credits	\$ 143,298	\$ 131,118	\$ 12,180
Other Capital Credits	\$ 67,717	\$ 61,961	\$ 5,756
Total Other Margin	\$ 175,275	\$ 160,377	\$ 14,898
Net Income	\$ 1,351,932	\$ 1,214,953	\$ 136,979